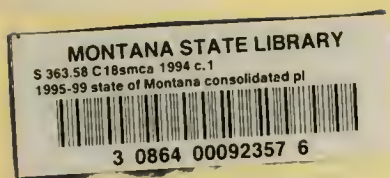


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**1995
STATE OF MONTANA
CONSOLIDATED PLAN
SUBMISSION
(CPS)**

**ANNUAL PERFORMANCE REPORT
FOR FEDERAL FISCAL YEAR 1994**

**DRAFT REPORT FOR
PUBLIC REVIEW**

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**Montana Department of Commerce
November 1994**

Ms. Sharon Jewell, Acting Director
Office of Community Planning and Development
U.S. Department of Housing and Urban Development
Denver Regional Office, Region VIII
1405 Curtis Street
Denver, Colorado 80202-2349

November 23, 1994

Dear Ms. Jewell:

As required by the Cranston-Gonzalez National Affordable Housing Act, I hereby submit the original and two copies, including all attachments and certifications of the Consolidated Plan Submission (CPS) Annual Performance Report for the State of Montana by the Department of Commerce.

Please direct any questions or comments on the Annual Performance Report to Ms. Sharon Haugen, CPS Coordinator, Local Government Assistance Division.

Sincerely,

Jon D. Noel
Director

cc: Newell B. Anderson, Administrator
Local Government Assistance Division

**1995-99
STATE OF MONTANA
CONSOLIDATED PLAN SUBMISSION
(CPS)**

**ANNUAL PERFORMANCE REPORT
FOR FEDERAL FISCAL YEAR 1994**

**DRAFT REPORT
FOR PUBLIC REVIEW**

Local Government Assistance Division
Montana Department of Commerce
(406) 444-2804

by
Western Economic Services
P.O. Box 40642
Portland, OR 97240-0642
(503) 228-6325

November 1994

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	1
PART I -- ANNUAL PERFORMANCE	3
Section A -- Resources Made Available to the State	3
1. Federal Source - State Administration	3
2. Federal Source - Local Administration	4
3. State Source - State Administration	6
4. Method of Fund Distribution to Local Governments	8
Section B -- Investment of Available Resources	9
1. Federal Source - State Administration	9
2. Federal Source - Local Administration	13
3. State Source - State Administration	13
4. Geographic Distribution	14
5. Pattern of Planned Versus Actual Investment	18
6. LIHTC Allocation and the Provision of Housing	18
7. Leveraging and Matching Funds	18
Section C -- Households and Persons Assisted With Housing	19
Section D -- Other Actions Undertaken	22
1. Review and Refinement of Public Policy	22
2. Enhancement of Institutional Structure	24
3. Interagency Cooperation and Coordination	25
4. Low Income Housing Tax Credit	27
5. Public Housing Resident Initiatives	28
6. Lead-Based Paint Hazard Reduction	28
7. Affirmatively Furthering Fair Housing	31
8. 1993 Montana Housing Survey	33
9. 1994 Survey of Unsheltered Homeless	34
PART II -- ASSESSMENT OF ANNUAL PERFORMANCE	35
Section A - Effectiveness of State's Performance	35
1. Successful Performance Issues	35
2. Issues Stimulating Policy Refinement	38
Section B - Proposed Actions Resulting from Assessment of Performance	39
1. Enhancement of Public Policies	39
2. Refinement of Institutional Structures	40
APPENDIX A -- PUBLIC REVIEW PROCESS	43
APPENDIX B -- SUMMARY OF PUBLIC COMMENTS	45

TABLE OF EXHIBITS

APR Table 1	21
Exhibit 1 -- 1995 CPS Steering Committee	26
Exhibit 2 -- 1995 CPS Steering Committee	37
Map 1 -- Geographic Distribution of Housing Activities - HOME, CDBG, and Multifamily	15
Map 2 -- Geographic Distribution of Housing Activities - Transitional and HUD Family, Elderly, and Other	16
Map 3 -- Geographic Distribution of Housing Activities - Weatherization, ESG, and LIEAP	17
Table 2 - Butte Blood Lead Level Test Results	29
Table 3 - Great Falls Blood Lead Level Test Results	29
Table 4 - Missoula Blood Lead Level Test Results	30
Table 5 - Children Age 5 and Under, Blood Lead Levels	30

THE MONTANA ANNUAL PERFORMANCE REPORT FOR FFY 1994 EXECUTIVE SUMMARY

Federal Fiscal Year 1994 was the first year for which Montana had a Consolidated Plan Submission (CPS). The CPS centralized the economic development and housing planning requirements of the HOME, Community Development Block Grant (CDBG), and Emergency Shelter Grant (ESG) programs. The purpose of this Annual Performance Report is to review the activities, actions, and resources Montana planned for and used during FFY 1994, and to assess how Montana progressed toward meeting the housing goals outlined in its FFY 1994 Comprehensive Housing Affordability Strategy (CHAS). This report covers the period from October 1, 1993, through September 30, 1994.

The State of Montana identified four broad policy objectives in its CHAS: enhancing availability; promoting affordability; increasing accessibility; and securing suitability in its housing stock. Programs that fall within these objectives include:

- Community Development Block Grant Program
- Home Investment Partnerships (HOME) Program
- HOPE 1, 2, and 3 Programs
- Emergency Shelter Grant Program
- Shelter Plus Care Program
- U.S. Department of Energy and Other Energy Programs
- Low Income Housing Tax Credit Program
- Section 8 Rental and Certificate Vouchers
- Section 8 Mod Rehab SRO Program
- Emergency Community Services for the Homeless Grant Program
- Supportive Housing for Persons with Disabilities (Section 811) Program
- Supportive Housing for Elderly Persons (Section 202) Program
- Supportive Housing Program (includes Supplemental Assistance for Facilities to Assist the Homeless; Transitional Housing Demonstration Program; and Permanent Housing for Handicapped Homeless Program);
- Montana Board of Housing Programs (single-family, multifamily, elderly, and infrastructure)

In conjunction with public and private citizens, the Local Government Assistance Division formulated an expanded set of policies and an action plan for the CHAS resulting from two years of experience and change in the state's housing situation. Actions for the past year included:

- Conducting analysis of current local and state land use and zoning policies;
- Constructing a housing program data base listing program qualifying criteria, application processes, and contact person information;
- Initiating measurement of extent and attributes of unsheltered homelessness in the state;
- Continuing to leverage federal dollars to attract private investment money;
- Continuing to support grant and loan applications of other entities that sought to expand the supply of housing and housing assistance;
- Soliciting input from the steering committee regarding homelessness and non-homeless populations with special needs;
- Promoting and assisting non-profit entities in achieving CHDO certification;
- Continuing to expand the Local Government Assistance Division's role in the provision of

technical assistance;

- Forming a Lead Program State Advisory Committee;
- Performing an Analysis of Impediments to Fair Housing Choice;
- Producing land use planning guides and model subdivision regulations for local governments;
- Producing a county-level Economic and Demographic Databook, with long-term forecasts;
- Continuing to expand technical assistance services provided by the LGA Division;
- Promoting and distributing information about the Community Reinvestment Act; and
- Analyzing results from the 1993 Montana Housing Survey.

All programs, resources, and activities were distributed equitably throughout the state to the extent possible and applicable.

Please note that the Annual Performance Report is designed to meet the reporting and compliance requirements set forth by the Department of Housing and Urban Development and the Cranston-Gonzalez National Affordable Housing Act of 1990. HUD has provided very specific guidelines regarding the organization, content, and format of this report. The reader may wish to consult the table of contents as a guide to understanding the structure of this report and the type of information presented.

PART I -- ANNUAL PERFORMANCE

SECTION A - RESOURCES MADE AVAILABLE TO THE STATE

I.A.1 FEDERAL SOURCE - STATE ADMINISTRATION

The following discussion separates federal and state funding sources and addresses each component of programs pertinent to program activities conducted during FY 1994.

Community Development Block Grant Program (CDBG)

The 1994 CHAS anticipated that \$5,452,752 would be available to the state in FY94 for housing, economic development, and public facilities. Of that amount, \$1,760,647 in CDBG funding was anticipated to be committed for housing projects. In January 1994, the CDBG program awarded 10 housing rehabilitation projects for a total of \$1,760,647. The funds were distributed to local governments based on an annual competition held in the fall.¹

Home Investment Partnerships Program (HOME)

For FY 1994, \$3,217,000 was anticipated to be available. FY93 funds totaling \$3,335,000 were fully allocated to projects through a competitive application process completed in April 1994. The process resulted in allocations for 14 projects.² The total leveraged amount of the proposed projects (including match) was \$9,385,989.

Rental Rehabilitation Program

This program is administered by the Local Government Assistance Division. It was anticipated that \$80,000 would be available and committed. The actual amount spent during FY 1994 was \$80,045.53.³

Emergency Shelter Grant Program (ESG)

The Human Services Bureau of the Montana Department of Social and Rehabilitation Services anticipated that \$278,000 would be available and used under this program in 1994. Actual funding received and used matched the funds anticipated. Five percent of funds were used to administer the program.⁴

¹ CDBG Database of Awarded Projects, correspondence received March 1, 1994.

² Tim Burton, Montana Department of Commerce, correspondence received April 4, 1994. These resources were originally made available in FY93.

³ Roger Pedersen, Montana Department of Commerce, telephone conversation of August 31, 1994.

⁴ Jim Nolan, Intergovernmental Human Services Bureau, Family Assistance Division, Montana Department of Social and Rehabilitation Services, correspondence of Nov. 2, 1994.

Shelter Plus Care Program

Applications for this program can be made by local jurisdictions through the Human Services Bureau of the Montana Department of Social and Rehabilitation Services. National allocation of funding is awarded based upon a competitive bid process. Shelter Plus Care applications submitted are being considered by HUD. No commitments for funding have been made by HUD at this time. Therefore, the prospective grantees and amounts in the applications are considered confidential by HUD.⁵

U.S. Department of Energy (DOE) and Other Energy Programs

For FFY 1994, \$10.4 million was anticipated to be available for DOE and other energy-related rehabilitation activities. Administered by the Human Services Bureau of the Montana Department of Social and Rehabilitation Services, actual spending for the DOE program was \$10.4 million.⁶

Low Income Housing Tax Credit Program (LIHTC)

The Low Income Housing Tax Credit Program, initiated in 1987, is administered by the Montana Board of Housing. This program makes use of federal tax credits as incentives to developers to provide low-income housing. Housing built under the program is restricted to individuals with incomes at or below 60 percent of the HUD-determined median income. In addition, rents are restricted to 30 percent of monthly median income. In Montana, a total of \$635,065 in federal tax credits was allocated for 154 units of rental housing.⁷

Emergency Community Services for the Homeless Grant

The 1994 CHAS anticipated that \$83,000 would be made available. This program is administered by the Human Services Bureau of the Department of Social and Rehabilitation Services. Actual spending was \$83,000.⁸

I.A.2 FEDERAL SOURCE - LOCAL ADMINISTRATION

The following programs are available to local groups on a competitive basis (national or regional competition) by applying directly to HUD.

⁵ Don Bahr, Community Planning and Development, HUD Denver Regional Office, 1994.

⁶ Jim Nolan, Intergovernmental Human Services Bureau, Montana SRS, 1994.

⁷ Dick Kain, Administrator, Montana Board of Housing, correspondence received August 30, 1994.

⁸ Jim Nolan, Intergovernmental Human Services Bureau, Montana SRS, 1994.

Supportive Housing Program

This program has replaced the Supportive Housing Demonstration Program, Transitional Housing Demonstration Program, the Permanent Housing for Handicapped Homeless Program, and Supplemental Assistance for Facilities to Assist the Homeless (SAFAH).

Last fiscal year, the HRDC in Butte was awarded \$802,800 for a transitional housing project, of which \$15,782 had been dispersed as of September 30, 1994. Rehabilitation activities are ongoing. Of funds awarded in previous years, the Missoula YWCA drew a total of \$49,276 in FY94; Helena's Friendship Center drew \$29,230, and the Poverello Center in Missoula drew \$30,271. These funds were awarded for transitional housing projects.⁹

Section 8 Single Room Occupancy (SROs)

In the FY 1994 national competition process, the state of Montana did not receive any awards.¹⁰

Supportive Housing for Persons with Disabilities (Section 811)

As indicated in the 1994 CHAS, it was anticipated that there would be applications submitted for this program. All applications would be facilitated and supported by the LGA Division. In FY 1994, applications were received from organizations in the state, but funding awards have not yet been made. In FY 1993, Accessible Space, Inc., Great Falls, received funding under this program. The funds were used for the new construction of 24 units of housing for the developmentally disabled.¹¹

Supportive Housing for Elderly Persons (Section 202)

It was anticipated in the 1994 CHAS that applications might be submitted from within Montana for projects falling under Section 202 housing projects. No applications were awarded funds in Montana, so no funding was made available.¹²

HOPE 1, 2, and 3 Programs

⁹ Don Bahr, Office of Community Planning and Development, HUD-Denver Regional Office, correspondence received Oct. 3, 1994.

¹⁰ Jennifer Scott, Office of Public Housing, HUD-Denver Regional Office, telephone conversation of June 30, 1994.

¹¹ Lorin Hunt, Office of Housing, HUD Denver Regional Office, telephone conversation of August 31, 1994.

¹² Lorin Hunt, Office of Housing, HUD Denver Regional Office, telephone conversation of August 31, 1994.

The 1994 report anticipated that projects for HOPE 1 and HOPE 2 properties would be facilitated and supported by the LGA Division. However, no local jurisdictions or other entities made applications; therefore, no funds were received under the HOPE 1 or HOPE 2 programs.¹³

Program applications were anticipated for the HOPE 3 program. One application was submitted by the District VII Human Resource Development Council (HRDC) in Billings. Their application was approved, and funds have been received. No other awards for HOPE 3 funds were made in Montana.¹⁴

Low Income Housing Preservation and Resident Homeownership Program

This program was activated May 5, 1992. A Freedom of Information request was sent to HUD on October 19, 1994. This request asks for the release of information related to the names of organizations in Montana receiving funding under this program, as well as the amount of funds received. A response to this request is expected by the end of calendar 1994.¹⁵

I.A.3 STATE SOURCE - STATE ADMINISTRATION

Residential New Construction Pilot Program for Energy Efficient Homes (initiated August 1994)

This pilot program is a partnership between the Montana Board of Housing, the Montana Department of Natural Resources and Conservation, the homebuilding industry, and various utility companies across the state. The BOH has set aside \$3 million to provide financing for the new construction of energy efficient homes above the FHA insurable purchase price. The program began in July 1994. In FY 1994, loan commitments were made, though the loans have not yet been issued. Six reservations have been made for a total of \$548,122 in funds committed. Average household income for this program was \$34,640.¹⁶

MONTANA BOARD OF HOUSING PROGRAMS

The Montana Housing Act of 1975 created the Montana Board of Housing (BOH) to alleviate the high cost of housing for low-income persons and families. The funds to operate the programs administered under the act are generated through either the sale of tax-exempt bonds or administrative fees. Board programs fall into two categories: home ownership and

¹³ Roger Pedersen, Montana Department of Commerce, telephone conversation of July 5, 1994.

¹⁴ Karen Clark, Office of Community Planning and Development, HUD Denver Regional Office, telephone conversation of June 30, 1994.

¹⁵ Sandra Clemons, Multifamily Programs Branch, HUD Denver Regional Office, conversation of September 16, 1994.

¹⁶ Louise Moore, Energy Division, Montana Department of Natural Resources and Conservation, correspondence received July 5, 1994. Andy Poole, Acting Administrator, Montana Board of Housing, correspondence received Nov. 10, 1994.

multifamily programs. An additional program assists the elderly and infrastructure development. During 1994, the following program levels were reported.¹⁷

BOH HOME OWNERSHIP PROGRAMS

Single Family Bond Program (initiated 1977)

The Board of Housing works with approximately 80 lenders statewide to provide mortgages 1.5 percent below conventional rates to assist primarily first-time homeowners. In certain target areas, the borrowers need not be first-time purchasers. The program has assisted over 19,000 Montanans to date, at a rate of 1,000 to 1,500 purchases per year. Average household income for this program is \$27,344. Since 1975, \$802 million in bond proceeds has been loaned to homebuyers.

Home Buyers Cash Assistance Program (initiated May 1991)

This program provides cash assistance to close a loan for home buyers having an income of no more than \$23,000. Funds may be used for up to 50 percent of the minimum cash required to close a loan (maximum advance of \$1,000), and these funds are currently combined with 5⁷/₈ percent, 30-year mortgage money. Purchase price of the home may not exceed \$60,000. Since inception, the program has provided permanent financing of \$6,869,905 for 185 homes. In addition to permanent financing, the program provided \$163,076 in cash assistance with closing costs. Average household income for this program was \$17,403.

Disabled Accessible Affordable Homeownership Program (initiated July 1993)

The board set aside \$3.5 million to provide affordable architecturally accessible homes for people with disabilities such that they can live independently. The board has provided permanent financing of \$1,533,700 for 26 homes. Average household income for this program was \$15,822.

BOH MULTIFAMILY PROGRAMS

Multifamily Bond Program (initiated 1978)

From 1978 until 1985, the Board of Housing financed tax exempt bonds to finance the construction of new, or rehabilitation of existing, low income multifamily housing. During federal fiscal year 1993-94, the board made firm commitments of loan funds through the Multifamily Pilot Program for Rental Housing to non-profit and governmental sponsors of six projects. These projects total \$1,543,109 in loan funds, \$3,165,526 in projected total cost, and

¹⁷ Information on Montana Board of Housing programs was provided by Andy Poole, Acting Administrator, Montana Board of Housing, correspondence of Nov. 10, 1994.

will provide 51 units of affordable rental housing. All of the projects are anticipated to be constructed in 1994.

Multifamily Risk Sharing Program (initiated June 1994)

This program works in partnership with the Department of Housing and Urban Development (HUD), whereby HUD provides mortgage underwriting and loan management as well as financing, and the two entities share the risk of loss from a project default. The board received 175 units of insurance authority. Requests for proposals were distributed beginning July 19, 1994, and applications will be accepted on a monthly basis.

ELDERLY PROGRAM

Reverse Annuity Mortgage Loan Program for Elderly Persons (initiated 1989)

This program enables persons 68 years or older to benefit from an additional income source from the use of their home equity. In addition to other uses, the funds may be used to make repairs or improvements to the home. Eligibility is subject to certain income requirements. The program has assisted 19 senior homeowners since it began taking applications; the average income for these borrowers was \$8,192.

BOH INFRASTRUCTURE FINANCING PROGRAM

Infrastructure Financing for Affordable Housing (initiated February 1994)

This program is to facilitate infrastructure development associated with mobile homes only, for site acquisition and or site improvement. The board provides 6 percent bridge loan financing for five years, the maximum loan amount is \$10,000 per site, and advance of bridge loan funds to be contingent upon permanent financing being in place. Eligible applicants are local government agencies, nonprofit agencies, and private developers (submitting proposals through Montana Financial Institutions).

I.A.4 METHOD OF DISTRIBUTING FUNDS TO LOCAL GOVERNMENTS

HOME grant funds are awarded in a competitive application process, with 15 percent of total funds set aside for Community Housing Development Organizations (CHDOs). The Local Government Assistance Division has been working closely with organizations who are interested in becoming certified as CHDOs, and has certified 16 to date. Only CHDOs and local units of government (e.g., cities, towns, counties) are eligible to apply for HOME grant funds. CDBG funds are distributed to local governments based on an annual grant competition held in the fall.

SECTION I.B -- INVESTMENT OF AVAILABLE RESOURCES

I.B.1 FEDERAL SOURCE - STATE ADMINISTRATION

Community Development Block Grant Programs (CDBG)

In January 1994 (FY94), the Local Government Assistance Division awarded five CDBG housing rehabilitation projects totaling \$1,760,647. Three projects were awarded \$400,000, one \$247,500, and one \$313,147. The awarded projects are summarized below.¹⁸

APPLICANT	TYPE	CDBG FUNDS	TOTAL COST
City of Kalispell	New Construction	\$247,500	\$1,697,000
The City of Kalispell will participate in a joint venture with Northwest Montana Human Resources, Inc., for the construction of four eight-plexes that will contain a total of 16 units of transitional living and 16 rental units for mixed-family size on two acres. The 32 units will assist families of low- and very low-incomes. CDBG funding was requested for land acquisition and site improvements. Four mixed-family sized units will be wheelchair accessible; the others will be constructed to accommodate people with other disabilities. Other funds include \$100,000 from UDAG Program income, \$80,000 City of Kalispell, \$300,000 HOME, \$271,000 MBOH loan, and \$698,500 from the HRDC's applications (HOME, HOPE 4, Supportive Housing).			
City of Miles City	Rehabilitation	\$313,147	\$663,147
The City of Miles City, through the Miles City Housing Authority, will begin a program of housing rehabilitation and neighborhood revitalization in an area located immediately northwest of downtown. In the 28 city block area, 45 multifamily housing units will be rehabilitated, 80 percent of which are substandard housing where 79 percent of residents have low or moderate incomes. Four dangerous structures will be demolished, and volunteers will be organized to paint and provide maintenance assistance to very low-income disabled homeowners. Additional fund sources include the City of Miles City (\$50,000) and local banks (\$300,000).			
City of Poplar	Rehabilitation	\$400,000	\$986,500
To rehabilitate and revitalize the entire townsite of Poplar in two phases. Phase I (1994-95) uses CDBG funds to rehabilitate houses. Five severely substandard units will be demolished and 40 substandard units rehabilitated. Phase II is planned for 1996-97. The City of Poplar will apply for \$330,000 in HOME funds for new construction and \$100,000 in FmHA/HPG funds for rehabilitation. Additional funding sources are the HRDC (\$12,500) and Trader's State Bank (\$150,000).			
City of Red Lodge	Rehabilitation	\$400,000	\$1,410,288
To rehabilitate 50 substandard units and demolish two units. A Summer Youth Employment program will be implemented to direct citywide blight removal and community beautification efforts. The City of Red Lodge will apply for \$300,000 in HOME funds for rehabilitation, and to FmHA/HPG for \$75,000. Other sources are \$4,080 from the HRDC, \$300,000 from banks, and \$40,000 from the HOME match.			
City of Ronan	Rehabilitation	\$400,000	\$550,000
The City of Ronan will rehabilitate 38 substandard units with \$360,000 in CDBG non-administrative funds. Additional funds from the Ronan State Bank will allow Ronan to reach as many households as possible.			

¹⁸ CDBG Database of Awarded Projects, correspondence received March 1, 1994.

Home Investment Partnerships Program (HOME)

The HOME Program and staff responsible for the CHAS are located in the Montana Department of Commerce, Local Government Assistance Division, in Helena. The following is a summary of the grantees awarded FFY 93 HOME funds in May 1994, along with a short description of the housing projects funded. The Local Government Assistance Division received a total of \$3,335,000 from HUD for FFY93. The LGA Division received 14 local application requests totaling \$4,240,486. The total leveraged amount of the 14 proposed projects (including match) was \$9,385,989. The projects that have been tentatively awarded HOME funds are summarized below.¹⁹

APPLICANT	TYPE	HOME FUNDS	MDOC MATCH	LOCAL MATCH	TOTAL COST
YWCA of Missoula (CHDO)	Trans Hsg/ Acquisition of Property	\$ 295,906	\$ 36,406	\$171,914	\$1,302,306

To purchase and rehabilitate six units currently being leased by the YWCA for transitional housing since December 1988. The units are two three-bedroom duplexes. The transitional residents served are primarily victims of domestic violence, single women, and women who are homeless or at risk of becoming homeless. The project will preserve the units for continued transitional use.

City of Bozeman	New Const/ Rental	\$ 216,000	\$ 0	\$ 70,000	\$ 659,795
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The city is sponsoring an application on behalf of Bozeman Interfaith Housing, Inc., to construct nine units of affordable rental housing for low- and very low-income households in an area convenient to downtown Bozeman. The site was purchased with cash donations from churches and individuals. Site clearance, zoning, design review, and commitment of all non-HOME funds have been completed, including funds from the MBOH Pilot Program for Multifamily Housing.

HRDC XII Butte (CHDO)	Trans Hsg for the Homeless	\$ 221,317	\$ 19,583	\$ 31,856	\$ 681,492
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To provide shelter, meals, and comprehensive support services for homeless families and individuals in Butte. The proposal aims to guide the homeless to self-sufficiency and permanent housing. Funds are requested to renovate a single structure with 32 one-bedroom units for transitional housing.

Lewis and Clark County/Crittenton	Transitional Housing	\$ 324,000	\$ 45,000	\$ 45,000	\$1,366,501
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To assist the Florence Crittenton Home with a capital construction project to build a new resident facility in Helena. The HOME request of \$369,000 represents 25 percent of the \$1.2 million construction project to house young pregnant girls and young mothers and their babies. The facility will provide 10 single-bedroom units that will share kitchen, bath, and living facilities; two independent living units with separate cooking and bath facilities; daycare facilities for 12 infants; and the program's administrative offices.

City of Great Falls	New Const/ Rentals	\$ 306,600	\$ 45,000	\$ 45,000	\$ 712,600
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To provide for new construction of four three-bedroom and four two-bedroom rental units on city parkland. The complex will have two townhouse-type buildings of four units each, managed by the Great Falls Housing Authority. The Housing Authority and City will work in partnership during the

¹⁹ Tim Burton, Housing Assistance Bureau, Montana Department of Commerce, correspondence received April 4, 1994.

development and construction stages. The Housing Authority is designated as the management agency for the project. The project includes play areas and has the capacity for additional development.

Yellowstone County	New Const/ Rentals	\$ 324,000	\$ 30,000	\$ 72,587	\$ 512,803
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Yellowstone County is sponsoring a proposal on behalf of the Housing Authority of Billings to construct four two-bedroom units and four three-bedroom units for low- and very low-income families. The rentals will serve tenants with incomes at or below 50 percent of area median income. Rents are geared toward very low-income persons because of rent subsidy funding assistance received from the MBOH.

Glacier County	Hsg/Rehab	\$ 180,746	\$ 21,506	\$ 21,506	\$ 215,058
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For moderate rehabilitation of the Hilltop Apartments, an existing 42-unit property for low-income elderly, handicapped, and disabled people. Currently the property consists of 31 efficiency units, nine one-bedroom units, and two two-bedroom units. The proposed rehabilitation will convert the building into 19 efficiency units, 15 one-bedroom units, and two two-bedroom units.

City of Kalispell	New Const/ Rehab	\$ 300,000	\$ 0	\$ 90,000	\$1,064,880
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A joint venture between the City of Kalispell and by the CHDO Northwest Montana Human Resources, Inc. (NMHR) to create 32 low- and very low-income rental units. In the proposal, 16 of the units and half the land will be owned and operated by NMHR as transitional living units. The remaining land and units will be owned by the City as a mix of one-, two-, and three-bedroom units targeted for individuals at 30, 40, and 50 percent of area median income. All 32 units will be built to Universal Design Concept. Four of the City's units will be built for the exclusive use of wheelchair residents, two for the persistently and seriously mentally ill.

City of Poplar	Hsg Rehab/ Rental Units	\$ 324,000	\$ 37,500	\$ 37,500	\$ 411,500
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For acquisition of three duplexes from Glasgow, Montana, and their relocation to Poplar. The duplexes will be located on existing city property. Rehabilitation for energy efficient living units will be undertaken. The units will benefit very low- and low-income families and consist of four three-bedroom units and two four-bedroom units. At least one unit will be made available for a handicapped tenant.

NW Montana Human Resources (CHDO)	New Const/ Trans Housing	\$ 324,000	\$ 45,000	\$ 50,000	\$ 858,500
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The proposal is a joint venture between the CHDO Northwest Montana Human Resources, Inc. (NMHR) and the City of Kalispell to create 32 low- and very low-income rental units. Half of the land and 16 of the units will be owned and operated by NMHR as transitional living units for the homeless. The remaining land and units will be owned by the city. All 32 units will be built to Universal Design Concept.

City of Ronan	New Const/ Rental Housing	\$ 324,000	\$ 44,596	\$ 59,221	\$ 596,295
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The City of Ronan proposes the new construction of 12 two-bedroom apartments targeted for occupancy by low- and very low-income families. Two of the units will be fully handicapped accessible and suitable for elderly and/or handicapped families. The proposal includes tenant-based rental assistance for four very low-income families.

MPA Billings (CHDO)	Acquisition/ First-Time Homebuyers	\$ 57,829	\$ 0	\$ 13,300	\$ 281,000
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Montana Peoples Action proposes to acquire and rehabilitate five houses in Billings for first-time homebuyers. They are currently abandoned or in the process of being displaced. Target areas include two of Billings' oldest neighborhoods, where many vacant lots exist. The proposal calls for the purchase of vacant properties at tax cost, by land donation, or subsidized land purchases. The proposal would result in neighborhood in-fill, thus helping to stabilize these neighborhoods with houses built in the same architectural style.

Emergency Shelter Grant

The \$278,000 of ESG funds were distributed in the following manner: 22 percent for rehabilitation, 28 percent for tenant assistance, 20 percent for support services, and 28 percent for operating costs.²⁰

U.S. Department of Energy (DOE) and Other Energy Programs

This \$10.4 million in funding was used for residential weatherization programs. Those activities primarily include installation of insulation, vapor barriers, and storm windows. It also includes utility assistance under the Low Income Energy Assistance Program.²¹

Low Income Housing Tax Credit Program (LIHTC)

This program makes use of federal tax credits to provide incentives to developers to provide low income housing. Housing built under the program is restricted to individuals with incomes at or below 60 percent of the HUD median income. In addition, rents are restricted to 30 percent of monthly median income. In addition, rents are restricted to 30 percent of monthly median income. The Board of Housing allocated \$395,107 in federal tax credits for 89 units of rental housing. Through FFY 1993-94, the board allocated a total of \$3,307,123 in tax credits, for a total of 1,032 units of rental housing in 45 projects. The tax credit may be used in conjunction with the construction, substantial rehabilitation, or acquisition and rehabilitation of qualifying residential rental housing.²²

Emergency Community Services for the Homeless Grant

The \$83,000 received was spent on support services for the homeless.

²⁰ Jim Nolan, Intergovernmental Human Services Bureau, Montana SRS, 1994.

²¹ Jim Nolan, Intergovernmental Human Services Bureau, Montana SRS, 1994.

²² Andy Poole, Acting Administrator, Montana Board of Housing, correspondence of Nov. 10, 1994.

Rental Rehabilitation

During FY 1994, ending June 30, 1994, the total spent was \$80,045.53.²³ This program is being replaced by HOME Program functions.

Section 8 Rent Assistance

A total of \$14,465,655 was spent providing 39,804 unit months for households. Of those totals, \$7,552,434 was spent on certificates for 23,737 unit months for households, \$2,146,499 on vouchers for 6,787 unit months for households, and \$4,766,722 on 9,280 moderate rehabilitation households, as of June 30, 1994.²⁴

I.B.2 FEDERAL SOURCE -- LOCAL ADMINISTRATION

Transitional Housing for the Homeless

Three Montana organizations received draw downs from their previously awarded grants: the Missoula YWCA, the Friendship Center, and the Poverello Center in Missoula.²⁵

I.B.3 STATE SOURCE - STATE ADMINISTRATION

Montana Board of Housing²⁶

Single Family Bond Program -- The Board of Housing administered financing for 611 homes, for total loan values of \$36,162,388 in FFY 1994.

Home Buyers Cash Assistance Program -- The Board of Housing provided financing of \$1,952,692 which helped in the purchase of 47 homes. In addition to permanent financing, the program provided \$43,298 in cash assistance needed for loan closing.

Disabled Accessible Affordable Homeownership Program -- The Board of Housing provided financing for 26 homes for a total of \$1,533,700.

Residential New Construction Pilot Program for Energy Efficient Homes -- This program was initiated August 1, 1994.

²³ Roger Pedersen, Montana Department of Commerce, telephone conversation of August 31, 1994.

²⁴ Greg LoPiccolo, Systems Technician, Montana Department of Commerce, via Sharon Haugen, CHAS Coordinator, correspondence received September 2, 1994.

²⁵ Nicole Kelso, HUD-Denver, telephone conversation of October 13, 1993.

²⁶ Fiscal year 1994 data regarding all Montana Board of Housing programs was provided by Andy Poole, Acting Administrator, correspondence of Nov. 10, 1994.

Reverse Annuity Mortgage Program -- The Board of Housing assisted three senior homeowners with a total loan commitment of \$80,000.

Low Income Housing Tax Credit Program -- The BOH allocated \$395,107 in federal tax credits for 89 units of rental housing. In addition, the board approved for future allocation a total of \$1,407,320 in federal tax credits for 330 units of rental housing.

Multifamily Bond Program -- During federal fiscal year 1993-94, the board made firm commitments of loan funds through the Multifamily Pilot Program for Rental Housing to non-profit and governmental sponsors of six projects. These projects total \$1,543,109 in loan funds, \$3,165,526 in projected total cost, and will provide 51 units of affordable rental housing.

On June 13, 1994, the board received final approval from the Department of Housing and Urban Development (HUD) to participate in the Risk Sharing Program.

I.B.4 GEOGRAPHIC DISTRIBUTION

The state of Montana implemented the investment plan statewide. To the extent possible, funds were used in a competitive process founded on needs identified at the local level.

For example, the CDBG program has historically been implemented on a statewide competitive basis, and entities receiving CDBG funds are forced to draw down their allocations by 50 percent before they are eligible to apply for additional program funds. This method has been shown to disburse funds more equitably throughout the state, allowing all entities an equal chance to apply for funds.

In order to better view the geographic dispersion of funding activities, by general funding activity type, several geographic maps have been prepared. These are presented on the following pages.

map 1

16

map 2

map 3

I.B.5 PATTERN OF PLANNED VERSUS ACTUAL INVESTMENT

The LGA Division has attempted to support all prospective applicants. Planned CDBG and HOME programs were carried out in accordance with results of the competitive bid processes.

I.B.6 LIHTC ALLOCATION AND THE PROVISION OF HOUSING

The Low Income Housing Tax Credit (LIHTC) is available under Section 42 of the Internal Revenue Code of 1986. The credit is a federal income tax credit for owners of qualifying rental housing that meets certain low-income occupancy and rent limitation requirements. Except for certain buildings substantially financed with tax-exempt bonds, an owner must first obtain a credit allocation from the appropriate state agency before claiming the tax credit. The amount of tax credit that may be allocated annually for housing within each state is limited to \$1.25 per state resident. The Montana Board of Housing is the state agency that allocates the tax credit for housing located in Montana.

The tax credit is available for residential rental buildings that are part of a qualifying low-income project. The rental units must be available to the general public. Residential properties ineligible for the credit generally include transient housing (housing initially leased for less than six months), buildings of four units or less that are occupied by the owner or a relative of the owner, nursing homes, lifecare facilities, retirements homes providing significant service other than housing, dormitories, and trailer parks.

The tax credit is used in conjunction with acquisition and substantial rehabilitation or construction of qualifying residential rental housing. Gross rent for each low-income unit cannot exceed 30 percent of the applicable income ceiling. Gross rent includes the rent paid by the tenant, including utility costs, but excluded Section 8 or other federal rent subsidies. If the tenant pays utilities directly, the minimum rent is reduced by a utility allowance.

The LIHTC Program would facilitate provision of affordable housing to residents of Montana. Selection criteria include projects serving low-income tenants, projects located in distressed or hard-to-develop areas, projects meeting the area's housing needs and priorities, projects serving tenant populations with special housing needs, and projects in areas with long waiting lists for assisted housing.

I.B.7 LEVERAGING AND MATCHING FUNDS

Federal regulations specify that all HOME funds used for project activities must be matched at 30 percent for new construction and 25 percent for other project activities. The Local Government Assistance Division contributed \$348,300 in funds that qualify as match for FFY 1994, fulfilling one-half of the state's federal match requirement. Because of this contribution, HOME applicants only have to provide a 15 percent match for new construction projects and 12.5 percent for tenant-based rental assistance activities, housing rehabilitation

projects, and acquisition of housing (including first-time home buyer assistance activities). The total leveraged amount (the sum of all HOME project costs) was \$9,385,989.

SECTION I.C -- HOUSEHOLDS AND PERSONS ASSISTED

The State of Montana, excluding the entitlement areas of Great Falls and Billings, delivered housing services and programs to a significant number of households and individuals during FY 1994. Table 1 in the Annual Performance Report presents counts of assisted persons.

There are several considerations one must keep in mind while reviewing this data. The first relates to the definition of "assisted persons." The following description is from HUD's *Instructions for Developing and Completing a Five-Year Comprehensive Housing Affordability Strategy (CHAS) and an Annual Performance Report* (Notice: CPD 93-03), pgs. 65-66.

[The Annual Performance Report] must report the number of households and persons (i.e., homeless persons and non-homeless persons with special needs) who received assistance during the reporting period for each of the categories indicated through the investment of funds made available within the state, irrespective of when those funds were made available.

For the purpose of identification of goals and reporting of accomplishments, an assisted household (or person) is one which, during the reporting period, received benefits through the investment of federal funds, either alone or in conjunction with the investment of other public or private funds. A renter is benefitted if the household or person takes occupancy of affordable housing that is newly acquired (standard housing), newly rehabilitated, or newly constructed, and/or receives rental assistance. An existing homeowner is benefitted during the year if the home's rehabilitation is completed. A first-time home buyer is benefitted if a home is purchased during the year. A homeless person is benefitted if the person becomes the occupant of transitional or permanent housing. A non-homeless person with special needs is considered as being benefitted, however, only if the provision of supportive services is linked to the acquisition, rehabilitation, or new construction of a housing unit and/or the provision of rental assistance during the year. *Households or persons who will benefit from more than one program (e.g., a renter who receives rental assistance while occupying newly rehabilitated housing) must be counted only once.* (emphasis added).

The second consideration relates to the methods used to actually count assisted persons. To ensure that no individual or household is counted more than once, a detailed tracking mechanism must be employed. Social security number and name are best suited for this purpose. However, experience has shown that this level of detail is often construed as invasive and, in previous APR submissions, has not been fully provided by participating agencies or jurisdictions. Therefore, a pure count excluding duplicates cannot be guaranteed. Still, data in Table 1 represents a good faith count of assisted persons, as corrected to exclude prospective double counting.

The table summarizes all data provided by submitting agencies; some agencies did not respond. The responding agencies included the Local Government Assistance Division of MDOC, the Family Assistance Division of SRS, Richland County Housing Authority, the Helena

Friendship Center, the Helena Housing Authority, the Missoula YWCA, and the Multifamily Management Operations Branch at the Denver Regional Office of HUD.

The information contained here approximates estimates of the assistance goals presented in the FY94 CHAS Annual Plan. Furthermore, while the State does not have specific goals for the delivery of housing programs and services to social and ethnic minorities, the incidence of program support for these minorities surpasses their respective share of the statewide population. This underscores the notion that the State is making solid advances toward delivery of housing and housing services in proportion to these groups' relative income and needs. The State feels that it is accomplishing the overriding objective of providing broad support to those in need.

table 1 here

SECTION I.D -- OTHER ACTIONS UNDERTAKEN

Throughout the year, Montana conducts a process that is designed to enhance the provision of housing and delivery of housing services. To properly characterize the other actions taken by the state, activities are segregated into several major categories. These are:

- Review and Refinement of Public Policy
- Enhancement of Institutional Structure
- Interagency Cooperation and Coordination
- Low Income Housing Tax Credit
- Public Housing Resident Initiatives
- Lead-based Paint Hazard Reduction
- Affirmatively Furthering Fair Housing

I.D.1 REVIEW AND REFINEMENT OF PUBLIC POLICY

The LGA Division proposed to provide technical assistance to local governments and other entities for the purpose of evaluating and qualifying for housing programs under its control and influence. These activities were undertaken in FY94. Half of one staff person's time was committed to intergovernmental cooperation and statewide application workshops. All application processes were designed to promote cooperation between various local entities. All program staff members were available to provide additional technical assistance, upon request. Several technical assistance publications were sponsored during FY94 as well.

The role of the LGA Division expanded in regard to the provision and interpretation of information to aid localities in determining and quantifying their housing needs, problems, and alternative solutions to those problems. The LGA Division also continued supporting the grant and loan applications of other entities that are designed to expand the supply of housing and other related services.

The LGA Division completed a federally funded project in review of model zoning standards. The final public documents were prepared this past fiscal year. It had been noted that some local and statewide land use policies may be making the provision of affordable housing more difficult than would otherwise be the case. When the study was undertaken, it was found that this is not generally the case, except in very rapidly growing communities that have zoning restrictions on mobile homes and modular housing.

The results of the model zoning standards study could be used for ideas in implementing changes mandated by recently enacted land use laws. Results have been made available in a document entitled *Model Subdivision Regulations*. The model, released in December 1993, is intended to serve as an example and reference for local governments to use in revising their own subdivision regulations. The provisions of the model, when implemented locally, aim to protect the public interest; promote pleasant, convenient, and functional neighborhoods; and encourage the provision of affordable housing.

A companion volume, entitled "A Primer on Land Use Planning and Regulation for Local Governments," was released in May 1994. Specific sections of this report were dedicated to defining and encouraging opportunities for the provision of affordable housing. In other activities, the LGA Division promoted and assisted non-profit organizations and other entities in applying for and receiving certification as Community Housing Development Organizations (CHDOs). This type of organization has the advantage of a 15 percent set-aside of HOME Program funds. During the past fiscal year, the LGA Division certified five additional nonprofit organizations as Community Housing Development Organizations, bringing the total to 16. Currently certified CHDOs include:

Action for Eastern Montana, Glendive;
 District VI Human Resources Development Council, Lewistown;
 District VII Human Resources Development Council, Billings;
 District IX Human Resources Development Council, Bozeman;
 District XI Human Resources Development Council, Missoula;
 District XII Human Resources Development Council, Butte;
 Montana People's Action, Billings;
 Montana People's Action, Missoula;
 Neighborhood Housing Services, Inc., Great Falls;
 Northwest Montana Human Resources, Inc., Kalispell;
 Opportunities, Inc., Great Falls;
 District IV HRDC, Havre;
 Ravalli Services Corp., Hamilton;
 Missoula YWCA, Missoula;
 Women's Opportunity and Resource Development (WORD), Missoula; and
 Rocky Mountain Development Council, Helena.

One of the LGA Division's proposed actions was to build housing development capacity within local governments, non-profit housing organizations, and private industry. In undertaking this goal, several technical assistance activities have been sponsored by the LGA Division during the past fiscal year. Two Grant Application workshops were held for HOME, CDBG, and homeowner rehabilitation housing applicants. The first was on June 22-23, 1994, in Missoula; 16 people attended. The second was June 28-29, 1994, in Billings, with 20 people in attendance. Twenty-five people attended a grant administration workshop on April 25-27, 1994, in Helena.

Other actions were undertaken in support of the provision of technical assistance. LGA staff members have developed several short technical assistance publications in-house. A significant amount of staff time is currently invested in making presentations about the HOME Program to different public and private organizations and conducting one-on-one technical assistance sessions upon request. A HUD Technical Assistance Grant in the amount of \$30,000 was recently awarded to the LGA Division. It is currently being used to complete the following objectives:

- Develop an *Affordable Housing Manual* that will provide a hands-on approach to identifying the procedures necessary and the potential resources available for completing an affordable housing project.

- Develop a *Housing and Community Development Publication* to inform local governments of the overall impact of or need for affordable housing in a community, within the context of local community and economic development efforts.
- Conduct two workshops designed to improve the capacity of state recipients and CHDOs to design and administer affordable housing programs, including development or acquisition of multifamily housing, rehabilitation of homeowner or rental properties, and other affordable housing alternatives.

Also, during FY94, the LGA Division produced the first volume of the Montana Economic and Demographic Databook. This 350-page document is a detailed presentation of historic and forecast data for the United States, Montana, and each of Montana's counties. Data spans the period 1967 through 2015 and includes industrial employment and income (at the one-digit SIC level), unearned income (such as transfer payments, dividends, interest, and rent), as well as population forecasts by sex and cohort and overall household formation.

The LGA Division continues to recognize that one of the best ways of facilitating development of affordable housing is through education and technical assistance. Many people perceive that the array of housing programs and regulations are too complex, or too foreign, to master. For example, FmHA Housing Rehabilitation money is seldom used because some people believe that the application process is restrictively cumbersome. The LGA Division proposed and developed a Housing Information Clearinghouse Data Base. This data base includes information on all known housing programs relevant to Montana, whether administered by the LGA Division or other entities in the state. The data base continues to expand. Each entry includes contact persons, addresses, phone numbers, and a short description of housing services or financial assistance offered. Information currently in the data base includes HUD programs, Montana Board of Housing programs, Montana Board of Investment programs, FmHA programs, and approximately 300 housing facilities and organizations providing housing-related services throughout Montana (including overnight, emergency, transitional, and permanent housing facilities, as well as meal services and housing-related social services).

I.D.2 ENHANCEMENT OF INSTITUTIONAL STRUCTURE

Nearly all state housing assistance programs are administrated by the Department of Commerce (MDOC), primarily within the Board of Housing and the Local Government Assistance Division. As lead agency, the LGAD will continue to develop the state's CPS to manage and coordinate its many related housing programs, and to promote the interaction and coordination of agencies and entities involved in providing affordable housing.

Another avenue the state explored in further detail was coordination with the private sector. Many banks, savings and loans, and other financial organizations involved in housing are interested in taking advantage of federally assisted housing improvement programs to meet their obligations under the federal Community Reinvestment Act (CRA). The Census and Economic Information Center (CEIC), within MDOC, provided considerable data to interested parties throughout the year. As the requirements of the CRA have changed, the CEIC sent

letters to appraisers and financial institutions around the state informing them of the new regulations. The letters listed the CEIC as the source of data relating to the geocoding, by tract or block numbering area, of sites affected by the Community Reinvestment Act.

Two federally assisted programs that help fulfil the CRA obligations of financial institutions are the Community Development Block Grant (CDBG) Program and the Home Investment Partnerships Program (HOME). In the CDBG Program, local governments apply for grant funds in annual competition to fund housing projects involving the rehabilitation of homes owned or rented by low- or moderate-income families, along with activities to improve the neighborhood in which the housing rehabilitation is taking place. CDBG funds continue to play a key role in "leveraging," using CDBG dollars to attract private dollars. Following a plan such as this has aided in creating a pool of funds for rehabilitation loans at below market interest rates. The HOME Program provides funds for Community Housing Development Organizations (CHDOs) and local governments to provide additional affordable housing.

The LGA Division continued communicating and coordinating activities with other agencies throughout the year. These actions assisted in identifying areas for which further communication and cooperation may be needed and gaps in the institutional provision of services. Activities have included application workshops for CDBG and HOME funding, information dissemination regarding the Community Reinvestment Act, advice to non-profit entities on how to become certified as CHDOs, and support for other entities in application processes for funding from various programs.

The LGA Division recognizes that housing policy and housing program responsibilities are often fragmented across a variety of agencies and organizational entities throughout both the state and federal government. To aid in resolving these complications, the LGA Division supported the formation of a larger "team," comprised of other government and citizen participants, as an aid in directing and solving housing problems facing the state. Members of the CHAS Steering Committee are presented in Exhibit 1, on the following page.

I.D.3 INTERAGENCY COOPERATION AND COORDINATION

During FY 1994, the LGA Division took steps to integrate and coordinate its programs with other institutions, as proposed in the FY94 CHAS. Many banks, savings and loans, and other financial organizations involved in housing are interested in taking advantage of federally assisted housing improvement programs in order to meet requirements of the federal Community Reinvestment Act (CRA). Two federally assisted programs are the Montana CDBG and HOME programs. CHDOs and local governments can apply for HOME funds to assist in providing additional affordable housing. Local governments apply for CDBG funds to use for housing projects involving rehabilitation of homes owned or rented by low- or moderate-income families and other activities to improve the neighborhood in which the housing rehabilitation is taking place. CDBG funds have played a key role in "leveraging," using public dollars to attract private dollars by creating a pool of funds for rehabilitation loans at below market interest rates.

EXHIBIT 1

1995 CPS STEERING COMMITTEE

Mr. Newell Anderson, Administrator
Local Government Assistance Division
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59620-0646

Mr. Gus Byrom, Program Manager
CDBG Program
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59620-0646

Mr. Dave Cole, Chief
Community Development Bureau
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59620-0646

Ms. Kathleen Fleury
Indian Affairs Coordinator
Room 202, State Capitol Bldg.
Helena MT, 59620

Mr. Dave Gentry
Housing & Assistive Tech. Coordinator
Summit Independent Living Center
1800 Brooks 120
Missoula, MT 59801

Ms. Nancy Griffin, Executive Director
Montana Building Industry Association
Suite 4D, Power Block Bldg.
Helena, MT 59801

Mr. Paul Groshart, President
c/o Richland County Housing Authority
National Assoc. of Housing & Redevel. Officials
1032 Sixth Street Southwest
Sidney, MT 59270

Ms. Sharon Haugen, CHAS Coordinator
Housing Assistance Bureau
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59820-0646

Ms. Jane Jelinski, President
Montana Association of Counties
Gallatin County Commissioners
311 West Main, Room 307
Bozeman, MT 59715

Mr. Dick Kain, Administrator
Montana Board of Housing
Department of Commerce
2001 Eleventh Avenue
Helena, MT 59620

Ms. Christine Medina, Director
Montana Low Income Coalition
43 North Jackson
Helena, MT 59601

Mr. Robert McLaughlin, President
MT HRDC Directors' Association
111 West 11th
Havre, MT 59501

Mr. Jim Nolan, Chief
Intergovernmental Human Services Bureau
Social and Rehabilitation Services
111 Sanders Street, SRS Building
Helena, MT 59620

Mr. Bob Pancich
Board of Investments
556 Fuller Avenue
Helena, MT 59820-0126

Mr. Dave Parker
HOME Program Manager
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59620-0646

Mr. Charles Rehbein, Aging Coordinator
Governor's Office on Aging
48 N Last Chance Gulch
Helena, MT 59820

Ms. Patricia Roberts, Program Manager
Census and Economic Information Center
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59820-0646

Mr. Al Sampson, President
Montana League of Cities and Towns
City Hall, 436 Ryman St.
Missoula, MT 59802

Mr. George Wern, Chief
Housing Assistance Bureau
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59620-0646

The LGA Division has been communicating and coordinating activities with other agencies throughout the year. These actions assisted in identifying gaps in the institutional provision of services and areas for which further communication and cooperation may be needed. This has included presenting application workshops for CDBG and HOME funding, information dissemination regarding the Community Reinvestment Act, advising nonprofits on how to become certified as Community Housing Development Organizations (CHDOs), and supporting other entities in their application processes for funding through various programs. The LGA Division has certified 16 nonprofit organizations as Community Housing Development Organizations. The LGA Division has also been working closely with additional organizations who are interested in becoming certified as CHDOs. Currently certified CHDOs include:

Action for Eastern Montana, Glendive;
District VI Human Resources Development Council, Lewistown;
District VII Human Resources Development Council, Billings;
District IX Human Resources Development Council, Bozeman;

District XI Human Resources Development Council, Missoula;
 District XII Human Resources Development Council, Butte;
 Montana People's Action, Billings;
 Montana People's Action, Missoula;
 Neighborhood Housing Services, Inc., Great Falls;
 Northwest Montana Human Resources, Inc., Kalispell;
 Opportunities, Inc., Great Falls;
 District IV HRDC, Havre;
 Ravalli Services Corp., Hamilton;
 Missoula YWCA, Missoula;
 Women's Opportunity and Resource Development (WORD), Missoula; and
 Rocky Mountain Development Council, Helena.

I.D.4 LOW INCOME HOUSING TAX CREDIT

The Low Income Housing Tax Credit (LIHTC) is available under Section 42 of the Internal Revenue Code of 1986. This was a federal income tax credit for owners of qualifying rental housing that meets certain low-income occupancy and rent limitation requirements. The LIHTC was reauthorized by Congress in FY 1994.

Except for certain buildings substantially financed with tax-exempt bonds, an owner must first obtain a credit allocation from the appropriate state agency before claiming the tax credit. The amount of tax credit that may be allocated annually for housing within each state is limited to \$1.25 per state resident. The Montana Board of Housing is the state agency that allocates the tax credit for housing located in Montana.

The tax credit was available for residential rental buildings that are part of a qualifying low-income project. The rental units must be available to the general public. Residential properties ineligible for the credit generally include transient housing (housing initially leased for less than six months), buildings of four units or less that are occupied by the owner or a relative of the owner, nursing homes, lifecare facilities, retirement homes providing significant service other than housing, dormitories, and trailer parks.

The tax credit was used in conjunction with the acquisition and substantial rehabilitation or construction of qualifying residential rental housing. Gross rent for each low-income unit could not exceed 30 percent of the applicable income ceiling. Gross rent included the rent paid by the tenant, including utility costs, but excluded Section 8 or other federal rent subsidies. If the tenant paid utilities directly, the minimum rent was reduced by a utility allowance.

The LIHTC Program would facilitate the provision of affordable housing to the residents of Montana. Selection criteria include projects serving low-income tenants, projects located in distressed or hard-to-develop areas, projects meeting the area's housing needs and priorities, projects serving tenant populations with special housing needs, and projects in areas with long waiting lists for assisted housing.

I.D.5 PUBLIC HOUSING RESIDENT INITIATIVES

The LGA Division acts as the state PHA. It only administers Section 8 tenant-based assistance and does not own or directly manage public housing projects; therefore, the state has not undertaken any specific public housing resident initiatives.

I.D.6 LEAD-BASED PAINT HAZARD REDUCTION

Childhood lead poisoning is one of the most common pediatric health problems in the United States today, and it is also preventable. In the last year, much has been done in Montana to plan how to detect and abate the hazard of lead-based paint, a frequent source of lead poisoning. The Montana Department of Health and Environmental Sciences' Childhood Lead Poisoning Prevention Program, funded by a Centers for Disease Control (CDC) grant, has been in place for a year. Funding has been secured for a second year. All services performed under this grant are contracted to the Butte Childhood Lead Poisoning Prevention Program, located in the Butte-Silver Bow County Health Department. The CDC grant is currently being used for three lead programs in western Montana. These programs are screening for elevated blood lead levels, providing lead poisoning prevention education, and performing environmental assessments for families with elevated blood lead levels. The initial year's grant was in the amount of \$340,928.

The Montana Childhood Lead Poisoning Prevention Program is run through local programs within two communities thought to have the highest at-risk population: Great Falls and Missoula. Plans for fiscal year 1995 include expansion of efforts to local health departments in Billings, Butte, Great Falls, and Missoula, with outreach to other communities through WIC programs and public health nurses.

Butte is the third city in which childhood lead poisoning detection activities are taking place. The Butte Childhood Lead Poisoning Prevention Program, mentioned above, is a comprehensive program funded by the Atlantic Richfield Corporation. The Butte program began as a result of Superfund-related activities and is part of the Butte-Silver Bow County Health Department. The \$116,000 supplied annually by ARCO is used to support two full-time staff positions, as well as screening activities, lab support, and environmental investigations. The findings of an initial Superfund-related study by the Butte-Silver Bow Health Department, when applied to the state, indicate that approximately 8,500 children may currently be at risk of lead poisoning. The Butte program has screened approximately 1,000 children in its first two years of operation. Under contract to MDHES, the Butte Lead Program coordinator and clinical technician have begun preliminary screening in 12 counties across the state.

The Butte program includes a Lead Levels Advisory Committee with representatives from county government, the private non-profit sector, the local university, physicians, and citizens. The model set up with this committee has been used for the statewide program. The Montana Lead Program's State Advisory Committee is made up of members from state government, state legislature, local health departments, independent contractors, the real estate industry, and the

medical community. This committee is active in commenting on activities performed under this grant. Their involvement helps to promote communication between various state agencies and the regulated communities. East Helena also has a lead program. The program is relatively small, screening approximately 50 children annually in the East Helena area only. It is funded by ASARCO and is part of the Lewis and Clark County Health Department.²⁷

The scope of the problem can also be defined by the results of all tests done by the Montana Childhood Lead Poisoning Prevention Program, up to October 6, 1994, as seen in Tables 2 through 5, below. HUD's newly revised definition of elevated blood level is 20 $\mu\text{g}/\text{dL}$ in a single test or 15 to 19 $\mu\text{g}/\text{dL}$ in two consecutive tests. The data presented in these tables uses measurements of over 10 $\mu\text{g}/\text{dL}$ to define an elevated blood lead level.

TABLE 2
BLOOD LEAD LEVELS²⁸
STATEWIDE, CHILDREN < 6 YEARS OLD

BLOOD LEAD LEVELS	NUMBER OF TESTS	PERCENT
< 10 $\mu\text{g}/\text{dL}$	3,433	91.6%
$\geq 10 \leq 14$ $\mu\text{g}/\text{dL}$	239	6.4%
$\geq 15 \leq 19$ $\mu\text{g}/\text{dL}$	54	1.4%
≥ 20 $\mu\text{g}/\text{dL}$	20	0.5%
TOTAL	3,746	
TOTAL ELEVATED (≥ 10 $\mu\text{g}/\text{dL}$)		8.4%

TABLE 3
BLOOD LEAD LEVELS
BUTTE, CHILDREN < 6 YEARS OLD

BLOOD LEAD LEVELS	NUMBER OF TESTS	PERCENT
< 10 $\mu\text{g}/\text{dL}$	1,333	87.2%
$\geq 10 \leq 14$ $\mu\text{g}/\text{dL}$	148	9.7%
$\geq 15 \leq 19$ $\mu\text{g}/\text{dL}$	33	2.2%
≥ 20 $\mu\text{g}/\text{dL}$	15	1.0%
TOTAL	1,529	
TOTAL ELEVATED (≥ 10 $\mu\text{g}/\text{dL}$)		12.8%

²⁷ The East Helena Lead Program began in conjunction with an overall environmental investigation associated with area smelting activities.

²⁸ Montana LEAD screening statistics were provided by Karen Byrnes, Data/Fiscal Manager, Montana Lead Education, Assessment, Detection, correspondence of Oct. 24, 1994.

TABLE 4
BLOOD LEAD LEVELS
MISSOULA, CHILDREN < 6 YEARS OLD

BLOOD LEAD LEVELS	NUMBER OF TESTS	PERCENT
< 10 µg/dL	1,166	95.3%
≥ 10 ≤ 14 µg/dL	46	3.8%
≥ 15 ≤ 19 µg/dL	9	0.7%
≥ 20 µg/dL	2	0.2%
TOTAL	1,223	
TOTAL ELEVATED (≥ 110 µg/dL)		4.7%

TABLE 5
BLOOD LEAD LEVELS
GREAT FALLS, CHILDREN < 6 YEARS OLD

BLOOD LEAD LEVELS	NUMBER OF TESTS	PERCENT
< 10 µg/dL	934	94.0%
≥ 10 ≤ 14 µg/dL	45	4.5%
≥ 15 ≤ 19 µg/dL	12	1.2%
≥ 20 µg/dL	3	0.3%
TOTAL	994	
TOTAL ELEVATED (≥ 10 µg/dL)		6.0%

The MDHES has requested that the legislature, through the implementation of state lead statute(s), direct the MDHES to develop and enforce a state lead-based paint accreditation program in addition to a comprehensive lead program. Such legislation needs to be in place for the state to access federal lead detection and abatement grant funds. Legislation regarding testing standards and certification and training is underway.

Montana does not currently have a funded lead compliance program to address the accreditation of individuals engaged in lead hazard identification or reduction activities, the accreditation of training programs for these individuals, or the certification of contractors engaged in lead-based paint-related activities. The Occupational and Radiological Health Bureau (ORHB), Montana Department of Health and Environmental Sciences, is in the process of creating a program to certify training courses for workers, supervisors, and inspectors of lead-based paint evaluation sites. They are currently studying the programs in place in other states and developing a funding proposal. The EPA intends to have a set of regulations in place soon to guide the certification process for training courses. The ORHB currently enforces rules specific to asbestos removal, the accreditation of asbestos-related occupations, and the approval of training course providers. The ORHB therefore, has the personnel and expertise to address similar issues regarding lead-based paint activities. Environmental Protection Agency (EPA) Title IV funds have been added for FY 1995, to jump start state certification and training programs.

A proposal for the Montana Lead Abatement Project has been submitted to HUD under its Title X Lead-Based Paint Hazard Control Program. The proposal, submitted jointly by the Local Government Assistance Division, MDHES, and the Montana Lead Education, Assessment and Detection (LEAD) Program, requests funds totalling \$2,629,000 for the purpose of implementing the Montana Lead Abatement Project. If the funds are received, MDHES will administer the HUD abatement grant funds, the LGA Division will access grant funds for reimbursement through Montana LEAD, and the Montana LEAD Program will manage the abatement project. Activities would be centralized in Montana LEAD's Butte office. Funding decisions are anticipated to be made in fall 1994.

The proposed Lead Abatement Program would follow a three-year time schedule. In the first year, enabling legislation would be introduced, which should be passed by July 6, 1995. Between July 1995 and January 1996, rules would be issued, and initial training of lead abatement workers would be completed. Abatement could begin in April 1996, and work on 300 units could be finished by July 6, 1997. The abatement would range from interim control measures to total abatement. Plans call for a testing site to be added in Billings, enabling an expansion of the data collection and analysis currently performed in Butte, Missoula, and Great Falls. The expansion would allow for a more complete determination of the nature and extent of the lead problem across Montana.

HUD lead abatement funds would support primary and secondary abatement efforts. The funds would provide deferred loans and grants to families of children with elevated blood lead levels discovered within the CDC-funded Montana LEAD Program's target site projects in Butte, Billings, Missoula, Great Falls, and surrounding rural communities; to HOME Program grant recipients with known lead-based paint hazards; and to CDBG fund recipients with lead hazards. Laboratory services will be provided to community programs using CDC funds, with supplemental testing funds available through the HUD grant.

I.D.7 AFFIRMATIVELY FURTHERING FAIR HOUSING

Title VIII of the Civil Rights Act of 1968, also known as the Fair Housing Act, states that it is the policy of the United States to prohibit any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. Recent case law has demonstrated that a city can be held liable for violations of the Fair Housing Act if it acts with the intent and effect of keeping housing segregated. Examples of specific actions that have been found to demonstrate such intent include:

- refusing to adopt a fair housing ordinance;
- rejecting all opportunities for low- and moderate-income housing development; and
- adopting strict building and land use ordinances that make low- and moderate-income development impractical.

In addition, a Connecticut court decided that local elected officials could not be excused from violating fair housing laws because of public opposition to a project that affirmatively furthered fair housing. Therefore, it is very important that communities be made aware of the Fair Housing Act and the meaning of equal housing opportunity.

LGA Division staff members have taken active steps to inform, encourage, and enforce fair housing practices among their grantees. When local governments submit CDBG or HOME applications to the state, they must include an assurance, signed by the chief elected local government official, that they will comply with federal fair housing laws if they receive the grant.

Once a grant is received, the local government grant recipient is required to affirmatively further fair housing in several ways. The Montana CDBG and HOME grant administration manuals give grantees guidance on specific affirmative steps that should be taken to further fair housing. The manuals also lend guidance on determining whether housing discrimination may be a problem in an area. The following questions should generally be considered:

- Do all or most of the minorities in the community live in one neighborhood?
- Does it appear that realtors are hesitant to show minorities rental or ownership units in certain areas of town, subdivisions, or apartment complexes?
- Is there evidence that local financial institutions consistently fail to provide mortgage money or home improvement loans in certain areas?
- Do landlords rent to single-parent households?
- Does the community assist people who believe they have encountered housing discrimination?

Grantees are required to pass a fair housing resolution to demonstrate a "good faith effort" to comply with fair housing laws. This resolution must be publicized and promoted within the community. Grantees are encouraged to display fair housing posters in conspicuous places.

LGA Division staff members follow up on these requirements to see if they have been met by grantees. When staff members monitor a project on site, they check for evidence of a fair housing resolution, fair housing posters, and other grantee efforts to affirmatively further fair housing. Grantees are also required to document their fair housing efforts for the final project close-out.

The Human Rights Commission of the State of Montana sponsored a series of Fair Housing Compliance Workshops to inform members of the housing industry, landlords, and tenants of their responsibilities regarding fair housing laws. Workshop topics included the following: a summary of fair housing laws, description of persons and groups who qualify for protection under those laws, examples of unfair housing practices, and examples of how to qualify prospective renters while maintaining compliance with fair housing laws. CDBG program staff attended the training workshop.

During FY94, the LGA Division conducted an Analysis of Impediments to Fair Housing Choice (AI). The analysis was intended to evaluate the degree of unfair housing practices in the

state, identify the attributes of persons experiencing discrimination, and suggest ways that the LGA Division could respond to the presence of unfair housing practices where they exist.

It established that there tends to be some correlation between minorities, females, young single adults, large families, and divorced and separated persons and experiencing fair housing non-compliance treatment. The various analyses conducted in that document also revealed that households with extremely low and very low income levels, who in fact have the highest need for affordable housing are more susceptible to encountering unfair housing treatment than other sectors of the population. Furthermore, the level of income may be the single best indicator of the potential for experiencing impediments to housing choice, with particular attributes related to race, gender, age, and marital status compounding an already difficult situation.

The Advisory Council on Housing Discrimination, set up by the Human Rights Commission, also has evaluated unfair housing practices. Their document, *Equal Housing Opportunity in Montana?*, cited the severe lack of information among all citizens about fair housing laws and practices, and it suggested that the lack of proper education regarding fair housing laws tends to be one of the strongest impediments to fair housing choice. To address the need for information, the Advisory Council urged the Human Rights Commission to seek funding. The funding would finance the institution of on-going, wide-spread education and outreach programs that would teach fair housing practices and advise housing providers of the penalties for housing discrimination. Through workshops, presentations at schools, the HRC's toll-free phone number, and private fair housing groups, education of those who are willing to learn would be an effective tool against housing discrimination.

Overcoming unfair housing practices is an important issue to the State of Montana. The State agrees with the Advisory Council that most unfair housing practices, though not all, are the result of ignorance. The State intends to step up its outreach and educational efforts, thereby increasing the awareness of fair housing laws and the rights of both housing providers and consumers, whether they be renters, landlords, or real estate sellers. In doing so, the State realizes that by increasing knowledge of fair housing issues, an increase in fair housing complaints is likely in the short run; but in the long run, fair housing non-compliance is expected to fall appreciably.

I.D.8 1993 MONTANA HOUSING SURVEY

During the FY93 CHAS process, the LGA Division conducted a large, statewide survey to evaluate several aspects of housing. The *Montana Housing Survey* selected 3,635 individuals randomly from Montana Motor Vehicles Division vehicle registration records.²⁹ This survey was designed to gauge the public's familiarity with housing issues, their definition of housing needs and recommended solutions, and their perceptions of local housing conditions, costs, demand, supply, availability inventory, and other parameters. Overall, the data provides

²⁹ DMV records provided the best and most complete data source for householder name and address throughout the state. It also provided a complete and uniform data set from which to solicit responses.

perspective on the perceived need for affordable housing by typical Montana citizens and a guide to evaluating the degree of housing support there is at the local community level. Additional data was asked about the individual's household and dwelling to ascertain household makeup and condition of housing stock. This large data set, second only to the census, continues to provide a wealth of information as it is more thoroughly analyzed.

During FY94, more complete analysis of the survey was conducted, and a report summarizing the survey responses was produced. The "1993 Montana Housing Survey: Final Report," was printed in March 1994.³⁰

I.D.9 1994 SURVEY OF UNSHELTERED HOMELESS

Additional research was initiated during FY94 for the purposes of enhancing the State's understanding of the unsheltered homeless. Homeless persons were surveyed through Montana's 12 Human Resource Development Councils. The HRDCs used an interview approach to conduct the surveys. The survey focused on uncovering why the interviewees were homeless, defining their demographic characteristics, and assessing their attitudes. The survey was designed to better understand the reasons for their homelessness and aid the development of plans to provide for their needs in an effective manner, rather than just to obtain a count of the homeless. The research will be completed in FY 1995. It is sponsored by the Montana Department of Social and Rehabilitation Services, Intergovernmental Human Services Bureau.

³⁰ A copy of this document can be obtained by contacting Ms. Sharon Haugen, Montana CHAS Coordinator, Montana Department of Commerce, (406) 444-0092.

PART II - ASSESSMENT OF ANNUAL PERFORMANCE

SECTION A - EFFECTIVENESS OF STATE'S PERFORMANCE

The state conducted a number of activities and took several actions over the past fiscal year that have made solid contributions to the provision of affordable housing, as well as the ability to improve long-term strategic planning. During the assessment of its annual performance, the state identified areas of planning and coordination for additional refinement.

II.A.1 SUCCESSFUL PERFORMANCE ISSUES

The Montana HOME Program is in place to promote and advance the goals of the CHAS and to provide a flexible mechanism for enhancing other federal, state, local, and private resources for the development of affordable housing. The purposes of the Montana HOME Program are to provide coordinated financial assistance in the development of affordable low-income housing; to expand the supply of safe, decent, sanitary, and affordable housing for low-income Montanans; and to strengthen the ability of local governments and other housing development entities to participate actively in community housing enhancements.

The LGA Division received HUD grant funds to supplement the existing technical assistance needs of Montana local governments in the area of housing rehabilitation and promoting affordable housing. These funds were used to develop a manual for implementing a housing rehabilitation program and to conduct two workshops, one each in eastern and western Montana. A portion of the work entailed reviewing possible actions for removal of regulatory barriers to affordable housing, with a focus on local land use regulations (zoning, subdivision regulations, etc.).

It was perceived that local and some statewide land use policies were making the provision of affordable housing more difficult than would otherwise be the case. A study conducted by the LGA Division found that this was not universally true, but the problem does exist in very rapidly growing communities that have placed restrictions on mobile homes and modular housing. Results of the LGA Division study of subdivision law have been made available in a document entitled *Model Subdivision Regulations*.

A study of the unsheltered homeless will be completed in FY 1995. The survey consists of interviews of unsheltered homeless people by representatives of each of the 12 HRDCs, and other local organizations familiar with their difficulties, throughout the state. The study is sponsored by the Department of Social and Rehabilitation Services.

Also during FY94, the LGA Division produced the first volume of the Montana Economic and Demographic Databook. This 350-page document is a detailed presentation of historic and forecast data for the United States, Montana, and each of Montana's counties. Data spans the period 1967 through 2015 and includes industrial employment and income (at the one-digit SIC level), unearned income (such as transfer payments, dividends, interest, and rent), as well as population forecasts by sex and cohort and overall household formation.

Many banks, savings and loans, and other financial organizations involved in housing are interested in taking advantage of federally assisted housing improvement programs in order to meet the requirements of the federal Community Reinvestment Act (CRA). The Montana Census and Economic Information Center (CEIC) has made itself available to assist organizations that wish to utilize the CRA. The CEIC sent letters to state financial institutions notifying them of changes in the Act, especially regarding the requirement of geocoding by census tract or block numbering area. Two federally assisted programs that are often used for the CRA are the Montana HOME and CDBG programs. In the CDBG Program, local governments can apply for grant funds in annual competition to fund housing projects. Projects may involve rehabilitation of homes owned or rented by low- or moderate-income families, as well as activities that improve the neighborhood in which the housing rehabilitation is taking place. CDBG funds have played a key role in leveraging, or attracting private investment with public funds. Local governments and CHDOs can apply for HOME funds to provide additional affordable housing.

The LGA Division has been communicating and coordinating activities with other agencies throughout the entire year. Activities have included application workshops for CDBG and HOME funding, information dissemination regarding the Community Reinvestment Act, advice to non-profit agencies and prospective non-profit entities on how to become certified as Community Housing Development Organizations (CHDOs), and support for other entities in their application processes for funding from various programs.

Community Reinvestment Act activity is on-going. One example of this is the Community Home Ownership Program of Norwest Bank. A total of \$10 million has been allocated by Norwest Banks in Montana and Wyoming to be used for home mortgage loans. Funding can be used by people in Norwest Bank-designated market areas in Montana for purchasing single-family, owner-occupied residential units. The bank's program provides a low down payment, no discount points, low loan origination fees, and competitive interest rates on home mortgage loans. The loans are available only to families earning no more than 115 percent of the HUD-determined median income for the area, or \$30,000 maximum annual income.

EXHIBIT 2

1995 CPS STEERING COMMITTEE

Mr. Newell Anderson, Administrator
Local Government Assistance Division
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59620-0545

Mr. Gus Byrom, Program Manager
CDBG Program
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59620-0545

Mr. Dave Cole, Chief
Community Development Bureau
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59620-0545

Ms. Kathleen Fleury
Indian Affairs Coordinator
Room 202, State Capitol Bldg.
Helena MT, 59620

Mr. Dave Gentry
Housing & Assistive Tech. Coordinator
Summit Independent Living Center
1900 Brooks 120
Missoula, MT 59801

Ms. Nancy Griffin, Executive Director
Montana Building Industry Association
Suite 4D, Power Block Bldg.
Helena, MT 59601

Mr. Paul Groshart, President
c/o Richland County Housing Authority
National Assoc. of Housing & Redevel. Officials
1032 Sixth Street Southwest
Sidney, MT 59270

Ms. Sharon Heugen, CHAS Coordinator
Housing Assistance Bureau
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59620-0545

Ms. Jene Jelinaki, President
Montana Association of Counties
Gallatin County Commissioners
311 West Main, Room 307
Bozeman, MT 59715

Mr. Dick Kein, Administrator
Montana Board of Housing
Department of Commerce
2001 Eleventh Avenue
Helena, MT 59820

Ms. Christina Medina, Director
Montana Low Income Coalition
43 North Jackson
Helena, MT 59801

Mr. Robert McLaughlin, President
MT HRDC Directors' Association
111 West 11th
Havre, MT 59501

Mr. Jim Nolan, Chief
Intergovernmental Human Services Bureau
Social and Rehabilitation Services
111 Sanders Street, SRS Building
Helena, MT 59820

Mr. Bob Pencich
Board of Investments
555 Fuller Avenue
Helena, MT 59620-0125

Mr. Dave Parker
HOME Program Manager
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59620-0545

Mr. Charles Rehbein, Aging Coordinator
Governor's Office on Aging
48 N Last Chance Gulch
Helena, MT 59620

Ms. Patricia Roberts, Program Manager
Census and Economic Information Center
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59620-0545

Mr. Al Sampson, President
Montana League of Cities and Towns
City Hall, 435 Ryman St.
Missoula, MT 59802

Mr. George Warn, Chief
Housing Assistance Bureau
Montana Department of Commerce
1424 Ninth Avenue
Helena, MT 59620-0545

For development of the state's annual plan, the LGA Division brought together a wide spectrum of interests. The Steering Committee continues to offer expertise and advice on housing policy issues. The committee's broad-based membership provides a succinct cross-section of government agencies and citizens. The LGA Division feels that the implementation of the steering committee as an intergovernmental advisory group has helped to facilitate statewide coordination and delivery of housing services, as well as to begin formulation of enhanced, consistent, and coordinated housing policy. A list of steering committee members is provided in Exhibit 2, on the following page.

Through this process, Montana has been able to refine its understanding of its own housing needs, which fall into four broad categories: availability, affordability, accessibility, and suitability of housing. The LGA Division discovered, through contact with relevant persons and analysis of census data, that there is widespread need for construction, rehabilitation, expansion, financing, ownership opportunities, and demolition, as well as coordination and continuity of housing services.

Loans financed by the FHA have limits based on a county-by-county judgement of the average cost of housing. Only the value of existing homes is incorporated into the calculation of the loan limit. However, approximately 30 percent of Montana's housing inventory is new construction. The higher costs of new construction are not included in the limit calculations. In order to raise the mortgage loan limits, the FHA requires a survey or random sample by county of housing values. Information can be taken from building permits to demonstrate increases in the average cost of housing for a given county and provide justification for raising FHA loan limits. Due to the countywide nature of FHA loan changes, the Montana Building Industry Association's local member organizations have been very active in the past year. Association members have provided housing cost information to the county organizations responsible for loan limit increase petitions.

II.A.2 ISSUES STIMULATING POLICY REFINEMENT

The LGA Division was awarded a Section 107 grant during FY93 to research model zoning standards. It had been noted that local and some statewide land use policies may make the provision of affordable housing more difficult than would otherwise be the case. A study conducted by the LGA Division found that this was not generally the case, except in very rapidly growing communities that have restrictions on mobile and modular housing. Results of the study of subdivision law were made available in December 1993, in a document entitled *Model Subdivision Regulations*. A companion volume, entitled "A Primer on Land Use Planning and Regulation for Local Governments," was released in May 1994. Specific sections of this report were dedicated to defining and encouraging opportunities for the provision of affordable housing.

During fiscal 1994, the Department of Housing and Urban Development revised the Community Planning and Development (CPD) planning process, reoriented housing and development priorities, and initiated new regulations for planning by states and entitlement communities. In this regard, the LGA Division has begun consideration of ways to consolidate its planning processes. This policy refinement will enable the CDBG, HOME, and Emergency Shelter Grant program years to begin approximately the same time and further the notion of consolidated planning within the LGA Division and MSRS. The State has tentatively selected April 1 as the start of its planning year.

Also, with enactment of the Lead-Based Paint Hazard Reduction Act of 1990, Title X, several new housing initiatives must be considered. One side-effect of these initiatives is the degree to which the cost of lead-based paint abatement may make housing rehabilitation less cost-effective, thereby adversely affecting the supply of assisted housing units. Montana intends to begin evaluation of the degree to which these newer regulations may impact the provision of housing.

After conclusion and evaluation of the Analysis of Impediments to Fair Housing Choice, conducted during FY94, the LGA Division has initiated a response. Overcoming unfair housing practices is an important issue to the State of Montana. The State feels that most unfair practices, though not all, are the result of ignorance. Therefore, the State intends to step up its

outreach and educational efforts, thereby increasing the awareness of fair housing laws and the rights of both housing providers and consumers, whether they be renters, landlords, or real estate sellers. The State realizes that increasing knowledge of fair housing issues will likely increase fair housing complaints in the short run. In the long run, fair housing non-compliance is expected to fall appreciably.

SECTION B

PROPOSED ACTIONS RESULTING FROM ASSESSMENT OF ANNUAL PERFORMANCE

The LGA Division has realized that additional refinements in its anticipated plans are needed to facilitate the provision of affordable housing to the citizens of Montana in a fair and equitable fashion. First, the state plans to continue implementing several activities and actions that facilitate affordable housing throughout the state. Generally speaking, Montana's housing needs fall into four broad categories: availability, affordability, accessibility, and suitability of housing. Within these categories are needs for construction, rehabilitation, financial assistance mechanisms, ownership opportunities, demolition, inter-agency coordination, and long-term continuity in planning and policy design. These are related in part to Montana's renewed efforts to distribute fair housing literature to inform the public of fair housing laws and renter and owner rights and obligations. Policy objectives include research, policy formation, demonstration projects, needs identification and assessment, and technical assistance, as well as outreach and information dissemination.

II.B.1 ENHANCEMENT OF PUBLIC POLICIES

The LGA Division will continue to provide technical assistance to local governments and other entities for the purpose of helping them to evaluate and qualify for housing programs under its control and influence. This will involve continuing a commitment of approximately one-half of one staff person's time for intergovernmental cooperation and statewide application workshops. The application guidelines are designed to promote cooperation between various local entities in order to overcome the sometimes fragmented areas of responsibilities in housing programs.

The role of the state will expand in regard to the provision and interpretation of information that assists localities in determining and quantifying their housing needs, problems, and alternative solutions to those problems. The state also intends to continue to support the grant and loan applications of other entities in their attempts to expand the supply of housing and other related services.

One of the best ways to facilitate the development of housing is through education and technical assistance. Many people perceive the array of housing programs and regulations as too complex or too foreign to master. For example, FmHA Housing Rehabilitation money is seldom used as some believe that the application process is restrictively cumbersome. The LGA Division is determined to expand its role in providing technical assistance to local jurisdictions to explore and accurately determine the degree and type of local needs. This will help more groups qualify for housing programs and help them better understand the requirements of those programs.

Another way to foster the provisions of fair housing is through education. The LGA Division intends to expand its outreach activities in the upcoming year so that additional information and education can occur as it relates to state and federal fair housing laws, as well as landlord/tenant rights and obligations.

The LGA Division will continue to promote and assist non-profit organizations and other entities in applying for and receiving certification as Community Housing Development Organizations (CHDOs). This type of organization has the advantage of a 15 percent set-aside for qualifying CHDOs under the HOME Program.

The LGA Division will continue to expand the information contained in the Housing Information Clearinghouse data base. All relevant housing programs, whether administered by the LGA Division or by other entities in the state, will be included. The LGA Division will continue to research other programs related to expanding housing opportunities in Montana.

II.B.2 REFINEMENT OF INSTITUTIONAL STRUCTURES

Another avenue the state wishes to explore is additional coordination with the private sector. Many banks, savings and loans, and other financial organizations involved in housing are interested in taking advantage of federally assisted housing improvement programs in order to meet their obligations under the federal Community Reinvestment Act (CRA). The state's Census and Economic Information Center has identified itself as the source of much information needed to comply with the CRA. Recent changes in the law require the use of geocoding by census tract or block numbering area (BNA). Maps and data referencing tracts and BNAs are available from the CEIC.

Two federally assisted programs associated with the CRA are the Montana Community Development Block Grant Program (CDBG) and the Home Investment Partnerships Program (HOME). In the former, local governments may apply for grant funds in annual competition to fund housing projects involving the rehabilitation of homes owned or rented by low- or moderate-income families, as well as activities to improve the neighborhood in which the housing rehabilitation is taking place. CDBG funds can play a key role in leveraging other funding resources. Following a plan such as this helps to create a pool of funds for rehabilitation loans at below market interest rates. The HOME Program funds local governments and CHDOs in their efforts to provide affordable housing around the state.

The LGA Division will continue communicating and coordinating activities with other agencies throughout the year. These actions will assist in identification of areas in which further communication and cooperation may be needed, and they can help to identify gaps in the institutional provision of services. This has included application workshops for CDBG and HOME funding, information dissemination regarding the Community Reinvestment Act, advice to non-profit entities on how to become certified as CHDOs, and support for other entities in their application processes for funding of various programs.

At this time, the state has only estimated figures as to the size and specific needs of non-homeless persons with special needs. Thus, it is difficult for the state to propose specific actions for each prospective in-need population. The LGA Division will be looking to the steering committee and other activist organizations for input in the development and specification of goals for serving these in-need populations. Furthermore, the LGA Division welcomes the participation of individuals representing the interests of the developmentally disabled, people in correctional institutions, and other advocates representing non-homeless with special needs populations. However, the LGA Division intends to be looking to the upcoming SRS study of unsheltered homeless in review and refinement of policies for serving the homeless population.

APPENDIX A PUBLIC REVIEW PROCESS

The LGA Division advertised the CHAS public involvement meetings statewide. The following are the sources and dates of CHAS public involvement announcements:

CHAS PUBLIC HEARINGS

APPENDIX B

SUMMARY OF PUBLIC COMMENTS

The major comments provided in both oral and written testimony were substantially in agreement with the housing affordability, availability, accessibility, and suitability issues identified in the CHAS. Overall, the LGA Division intends to remain open to all comments that may assist in alleviating Montana's housing difficulties.

ORAL COMMENTS PRESENTED DURING PUBLIC INVOLVEMENT MEETINGS

SUMMARY OF MAJOR WRITTEN COMMENTS

